The global outlook remains positive.

Matthew C. Roberts
Roberts.628@osu.edu
Chinese Meat Consumption 90-15

Chinese Oilseed Consumption Growing by 9.8%/yr since 1990

Chinese Grain Consumption Climbing by 4%/year since 2006.

But demand isn’t everything.
- Chinese de-stocking of corn?
- Argentine de-stocking of grains?
- Two years of very good SouthAm weather.
  - Strongest El Nino on record…
Crude & Nat Gas Markets Remain Very Weak

- Strong US production growth outstripping demand growth.
- Saudi Arabia is unwilling to act.

Global Oil Consumption Continues to Climb

![Graph of global oil consumption](image)

Source: Short-Term Energy Outlook, October 2015.
**U.S. Commercial Crude Oil Stocks**

Forecast

Note: Colored band around storage levels represents the range between the minimum and maximum from Jan. 2010 - Dec. 2014.

Source: Short-Term Energy Outlook, October 2015.

**U.S. Gasoline and Distillate Inventories**

Forecast

Note: Colored band around storage levels represents the range between the minimum and maximum.

Source: Short-Term Energy Outlook, October 2015.

**Moving 12-Month Total Vehicle Miles Traveled**

Source: US. Federal Highway Administration

Shaded areas indicate US recessions – 2015 research.stlouisfed.org

**Rigs drilling for new oil wells in the U.S.**

**Oil Prices will remain weak**

- ME uncertainty now generally away from oil-producing areas.
- Declines in US production will start to be felt in 2/3Q2016
  - Prices to $50-60 only.

**2015 EPA Rulemaking Has Smaller Cuts**

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Total</th>
<th>Conventional Biofuel (min 20% GHG reduction)</th>
<th>Advanced Biofuel (min 50% GHG reduction)</th>
<th>Cellulosic Biofuel (min 60% GHG reduction)</th>
<th>Biobased Diesel</th>
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</table>

**Ethanol Production Has Always Exceeded Mandates**

[Graph showing ethanol production exceeding mandates from 2000 to 2015]
How Fast Will Feed Use Grow?

2013-2015: Three Highest Production Years, Yet…

Corn Exports

What’s your primary marketing strategy for grain held in on-farm storage:

- 11% Short Futures
- 5% Short Calls
- 8% Long Puts
- 76% Prayer and Fasting

37 votes • Final results
Corn Prices Can’t Catch a Break.

- Best hope for higher prices is continued S.Am weather declines.
- De-stocking creates huge uncertainty…
  – Temporarily
- Storage gains are best opportunities
- 2016/17—strong demand remains in place.

Soybeans Domestic Demand Flat

Year

Million Bushels


Year

Bn Bushels

Percent

Production 3.92

Use 3.7

Stocks-to-Use Ratio (%)
Global Soybean Production & Use Remains Incredible

Soybeans have staged small rally into December
- The EPA taketh away and the EPA giveth.
- Brazilian weather continues to decline

Plan on low prices…
- $3.50 corn
- $9.00 soybeans
- $5.00 wheat
- Build working capital
  - Pay taxes.
  - Lower land costs.
  - Fix interest rates.
Questions?

Matt Roberts
(614) 688-8686
roberts.628@osu.edu
http://aede.osu.edu/people/roberts.628
Twitter: @YourEconProf